

REVISED TO ADD ADDENDUMS

17A. Public Hearing on Expansion of the East Bank Redevelopment District.
(Districts I and IV)

17B. Urban Renewal Notice of Intent to Lease Land.

Agenda Item No. 7

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1136

TO: Mayor and City Council Members

SUBJECT: Petitions for Paving, Sanitary Sewer, Storm Water Drain and Water Distribution System to serve Sawmill Creek Addition (east of Rock, north of 45th Street North) (District II)

INITIATED BY: Department of Public Works

AGENDA: Consent

Recommendation: Approve the Petitions.

Background: On December 19, 2000, the City Council approved Petitions for paving, sanitary sewer, storm water drain and water distribution system in Sawmill Creek Addition. The developer has submitted new Petitions to reflect changes to the marketing of lots within the addition. The signature on the new Petitions represents 100% of the improvement districts.

Analysis: These projects will serve a new residential development located east of Rock, north of 45th Street North.

Financial Considerations: The Petitions total \$933,000. The funding source is special assessments.

Legal Considerations: State Statutes provide that a Petition is valid if signed by a majority of resident property owners or the majority of the property in the improvement district.

Recommendation/Action: It is recommended that the City Council approve the Petitions and adopt the Resolutions (hold for development).

Agenda Item # 8

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1137

TO: Mayor and City Council
SUBJECT: Special Events
INITIATED BY: City Manager's Office
AGENDA: Consent

Recommendation: Approve the request for street closures.

Background: In accordance with the Special Events Procedure, event sponsors are to notify adjacent property owners and coordinate arrangements with Staff, subject to final approval by the City Council.

Analysis: The following street closure requests have been submitted:

National Junior College Half Marathon Championship, Sunday, November 21
7:00 am to 11:00 am
§ Nims Street from Stackman to Murdock
§ Stackman from Nims to Murdock

Police security is arranged to remove blockades as necessary to allow emergency vehicle access during entire designated time period

Financial Consideration: Inasmuch as possible, event sponsors are responsible for all costs associated with special events.

Recommendation/Actions: It is recommended that the City Council approve the request subject to: (1) Event sponsors notifying every property and/or business adjoining any portion of the closed street; (2) Coordination of event arrangements with City Staff; (3) Hiring off-duty public safety officers as required by the Police Department; (4) Obtaining

barricades to close the streets in accordance with requirements of Police, Fire and Public Works Department; (5) Submitting a Certificate of Insurance evidencing general liability insurance which covers the event and its related activities, including the naming of the City as an additional insured with respect to the event's use of the closed City streets.

Agenda Item #10

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1138

TO: Mayor and City Council

SUBJECT: Cessna Sublease Agreement (District I)

INITIATED BY: Department of Finance

AGENDA: Consent

Recommendation: Approve lease amendment and sublease agreement.

Background: On May 22, 1990 the City Council entered into a Lease Agreement with The Cessna Aircraft Company pertaining to the subassembly facility located at 2101 E. 21st Street. On May 1, 2001 the City Council approved an amendment to extend the term of the lease for a period of ten years commencing on the 1st day of May, 2001, and terminating the 30th day of April, 2011. The monthly rent was amended to \$4,256 per month through the term of the agreement. The lease, limits the use of the premises for the purposes of supporting aircraft manufacturing, including, but not limited to, as a storage area. The workers in the facility will be general Cessna employees or Cessna contract employees.

Analysis: Cessna proposes to sublease the 2101 E. 21st Street property to A New Beginning, Inc. a 501(c)3 not-for-profit drug and alcohol outpatient program provider. The sublease would be for four years, with an option to extend for Cessna's entire lease term, until April 30, 2011. The sublease would begin December 1, 2004.

The proposed activity is allowable under the current zoning code.

Staff has informed Cessna that A New Beginning, Inc., will be required to document activities and submit performance reports in order to meet HUD requirements. The HUD requirements are part of the sublease agreement.

Financial Considerations: The sublease agreement states the following:

SUBLESSEE agrees and covenants to pay as rent to SUBLESSOR for the Premises, for the term stated, the total of \$215,640 [\$186,618 in cash monthly installments paid by SUBLESSEE to SUBLESSOR and donation receipts for contributions made by SUBLESSOR towards rent of \$22,698 in the first year and \$6,324 in the second year] as follows:

TIME PERIOD	MONTHLY PAYMENTS
12/1/04 – 11/30/05	\$4,256.00 (\$2,364.50 in cash and a donation of \$1,891.50)
12/1/05 – 11/30/06	\$4,256.00 (\$3,729.00 in cash and a donation of \$527.00)
12/1/06 – 11/30/07	\$4,729.00
12/1/07 – 11/30/08	\$4,729.00

There is no change to the monthly rental payment due to the City from Cessna.

Legal Considerations: The lease agreement between the City of Wichita and Cessna states that Cessna may not sublease without the prior written consent of the City, and such consent shall not be unreasonably withheld.

Approval of the sublease does not modify Cessna's responsibility to make monthly rental payments to the City and insure and maintain the building and grounds.

The Law Department has reviewed the sublease agreement.

In order to facilitate the sublease between A New Beginning, Inc. and Cessna, an amendment to the lease between Cessna and the City of Wichita to expand the use of premises to include activities for drug and alcohol outpatient programs and the facility to be occupied by patients and A New Beginning, Inc., personnel, will be necessary.

The Law Department has approved the lease amendment as to form.

Recommendation: It is recommended that the City Council approve the lease amendment, sublease agreement and authorize written consent.

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1139

TO: Mayor and City Council

SUBJECT: Acquisition of a Portion of 777 West Central for the River
Corridor Improvement Project (District VI)

INITIATED BY: Property Management

AGENDA: Consent

Recommendation: Approve the bonding resolution.

Background: The City Council approved a land purchase for the River Corridor Improvement Project on September 14, 2004.

Analysis: The purchase price negotiated by the parties and approved by the Council was \$1,525,000.

Financial Considerations: The funding source approved for the purchase was General Obligation bonds and Federal monies. A bonding resolution is required for the City to use General Obligation bonds. Due to Federal guidelines and processes regarding land acquisition, it is recommended that the entire purchase price be financed using General Obligation bonds. Using General Obligation bonds is also consistent with Council direction received at the budget workshop held on April 27, 2004.

Legal Considerations: The Law Department has approved the bonding resolution as to legal form.

Recommendations/Actions: It is recommended that the City Council approve the bonding resolution and authorize the necessary signatures.

Agenda Item No. 12

CITY OF WICHITA

City Council Meeting
November 16, 2004

Agenda Report No. 04-1140

TO: Mayor and City Council Members

SUBJECT: Sale of Surplus Property Located the Southwest Corner of Kellogg and
Julia (District V)

INITIATED BY: Office of Property Management

AGENDA: Consent

Recommendation: Approve the sale.

Background: An offer has been received for the City-owned parcel located at the southwest corner of Kellogg and Julia. The property has approximately 14,000 square feet and is currently undeveloped. The site is zoned General Commercial. The property was acquired for the Kellogg/Dugan Interchange project. The project required about one third of the property and the removal of the improvements.

Analysis: The property was offered in last years marketing program with a suggested minimum price of \$6.00 per square foot. The highest offer received during the marketing period was \$3.00 per square foot. Subsequently, the adjacent property owner has offered \$6.00 per square foot. The site has been surveyed and contains 13,842.6 square feet. Based on this size, the sale price is \$83,055.60. Because of zoning and location on Kellogg, the contract does not contain the standard restriction on car sales or billboard. The buyer intends to incorporate the parcel into its automobile rental and sale facility

Financial Considerations: The City will receive cash consideration from the sale of the property at closing. In addition, it will return to the tax rolls and the City will be relieved of maintenance costs.

Legal Considerations: The Law Department has approved the contracts as to form.

Recommendation/Action: It is recommended that the City Council; 1) Approve the Real Estate Purchase Contracts; and 2) Authorize all necessary signatures.

Agenda Item No 13

City of Wichita

City Council Meeting
November 16, 2004

Agenda Report No. 04-1141

TO: Mayor and City Council Members

SUBJECT: City Hall Garage Repairs (District I)

INITIATED BY: Department of Public Works

AGENDA: Consent

Recommendation: Approve the Project.

Background: Construction of the City Hall Parking Garage was completed in December of 1995. It consists of four levels with a parking capacity of 641 vehicles. The construction is comprised of precast and prestressed concrete elements.

Analysis: In 1999 Walker Parking Consultants/Engineers, Inc. did a condition appraisal and maintenance review of the City Hall Garage. Repair and maintenance work identified in their report were completed.

As the garage is approaching ten years of age a new conditional appraisal and maintenance review is needed. The objective of the appraisal is to evaluate the existing condition of the facility to protect the useful life based on recommended maintenance that reduces premature deterioration.

A structural engineer is required to identify structural aspects such as patching, floor slab overlays, traffic topping installation, sealer application, crack repairs and expansion joint installation. Normal maintenance such as painting, cleaning, etc. will also be addressed as part of the condition appraisals recommended repairs.

Financial Considerations: The project is authorized the 2004-2013 Capital Improvement Program (CIP) (PB-340402) (Project No. 435392, OCA 792427) in the amount of \$50,000 for a condition appraisal, \$200,000 for construction for a total of \$250,000 in 2005.

Legal Considerations: The Law Department has approved the Resolution as to form.

Recommendation/Action: It is recommended that the City Council approve the project, adopt the Resolution, authorize staff to hire a structural engineer to perform a condition appraisal, construct the necessary repairs and authorize the necessary signatures.

Agenda Item No. 14

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1142

TO: Mayor and City Council

SUBJECT: Section 3 Policy and Action Plan

INITIATED BY: Housing Services Department

AGENDA: Consent

Recommendation: Approve the Section 3 Policy and Action Plan.

Background: The Housing and Urban Development Act of 1968 (the “Act”) expresses Congress’ intention that employment and other economic opportunities generated by HUD assistance for housing and community development, be directed to low and very low income people, to help them become self-sufficient. This expectation applies to recipients of federal funds including, but not limited to, Public Housing, Section 8, Community Development Block Grant (CDBG), HOME Investment Partnership, and McKinney-Vento Homeless Assistance Act programs such as Emergency Shelter Grant (ESG). The City of Wichita receives these funds and is therefore required to comply with Section 3 of the “Act”.

Analysis: The City of Wichita has developed a plan to comply with Section 3, which formalizes its compliance history with regards to Section 3. The plan is consistent with the goals of the “Act” to give preference to Section 3 residents and businesses, as defined in 24 CFR, Part 135, in hiring, training and contracting.

Financial Considerations: Approval of the Section 3 Policy and Action Plan carries no financial obligation for the City.

Legal Considerations: Approval of the Section 3 Policy and Action Plan confirms the City’s commitment to comply with Federal regulations.

Recommendations/Actions: It is recommended that the City Council approve the Section 3 Policy and Action Plan and any subsequent revisions.

Agenda Item No.15

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1143

TO: Mayor and City Council

SUBJECT: Homeland Security Grant Funding - Districts I, II, III, IV, V, VI

INITIATED BY: Police Department

AGENDA: Consent

Recommendation: Adopt the Resolution

Background: The Department of Homeland Security through the Office of Domestic Preparedness has established the Homeland Security Grant for state and local agencies to purchase training and equipment for preparedness, prevention, and mitigation of catastrophic events. The annual grant is currently assigned by federal legislation to a designated administrative agency in each state government for distribution on to the local communities. The administrative agency has authority over how the grant is to be distributed, when it will be distributed, how money can be spent, and in many cases whom the money can be spent through.

Analysis: The City of Wichita has participated in the Homeland Security Grant process since its inception in 2002. The designated administrative agency for Kansas is the Kansas Highway Patrol. Grant funds are received by Kansas from the Office of Domestic Preparedness with the expectation that funds will be passed to the local communities within 90 days as required by federal law. The local community has just completed spending 2003 funds and the state has not yet announced when 2004 funds will be made available to local governments.

Kansas uses a local government funding formula that is determined by state employees. There is no local representation on the funding formula committee. The current funding formula provides money to all 105 Kansas counties and does not appropriately recognize the need of population centers. The Kansas Highway Patrol passes funding to the local emergency managers in the form of an electronic credit that must be used at a single source vendor previously determined by the state. The impact of this funding process includes; additional overhead when products from other companies must be purchased through a separate retail supplier; additional delays in processing

purchase requests; confusion resulting from multiple layers of bureaucracy; and the inability to purchase items readily available through other vendors.

Local communities should receive Homeland Security Grant funds directly from the federal government. Direct funding will allow local communities faster access to funding, reduce overhead from additional levels of grant administration, provide greater flexibility in local community discretion on how to spend funds, and increase local community buying power through a competitive purchase process. To this end, the City of Wichita should formally recognize the need for funding to be directly provided to the local communities by adoption of a Resolution stating its position.

Financial Considerations: None

Legal Considerations: Resolution has been reviewed for form and content by the Law Department.

Recommendations/Actions: Adopt the Resolution

Agenda Item # 17

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1144

TO: Mayor and Council Members

SUBJECT: Extended Special Assessment Financing Pilot Project

INITIATED BY: City Manager's Office

AGENDA: New Business

Recommendation: Approve the extension of the one-year Extended Special Assessment Financing Pilot Project for an additional year so as to determine whether or not the impact of the extended special assessment financing pilot project is producing the desired results and positively impacting entry-level new home sales.

Background: In 2003, the Wichita Area Builders Association (WABA) requested the City Council consider extending the bond terms for special assessment debt from its current fifteen (15) years to twenty (20) years, matching a proposed change in the collection of special assessments from property owners. The goal of WABA was an extension of the term to lower monthly/annual special assessment payments especially

for entry-level subdivisions with unique and extraordinary development costs and as incentives for existing neighborhoods without standard municipal improvements (i.e. paving, water/sewer, storm sewers, etc.).

The City Council approved a one-year extended special assessment pilot project at its November 18, 2003 meeting. The project is being returned to the Council for action.

Applications submitted for the extended 20-year special assessment financing project have been reviewed by a permanent committee appointed by the City Council. The committee includes two City Council members, city staff, and representatives of the development community.

Analysis: During the past 12 months, the City has approved four applications for 20-year special assessment financing: three of those were for new subdivisions and one was for an infill project. (See attached spreadsheet. The Hoover infill paving project #472-83530 assessments were spread on a square foot rather than a fractional basis. That is why there is great variation in the assessments.) Of the three new home subdivision projects, projects 468-83588 (sewer lateral) and 448-89785 (water line) were for Woodland Lakes and project 448-89825 (water line) was for Ridgeport. Based on these projects, monthly savings for the property owners in these two subdivisions vary between \$1.66 and \$6.10. The difference between interest payments for 15 vs. 20-year assessments over the additional five-year life of the assessments is an additional \$260 to \$945 in interest for these projects.

In addition to the applications that were approved, five applications not meeting the criteria were submitted for another new home subdivision. All applications submitted for consideration are thoroughly evaluated by staff for compliance with the requirements prior to submitting the applications to the review committee for its approval or denial. The five applications not meeting the criteria were rejected due to various factors including incorrect prices listed for homes in the subdivision, the amount of outstanding specials didn't exceed the threshold established to determine when properties are considered to be market-compromised due to higher than typical special assessments, and submittal of mixed-use applications (commercial and residential) when the pilot project approved by the Council is for residential subdivisions only. The time spent evaluating these particular applications resulted in a disproportionate amount of staff time being spent in order to determine whether or not the project met the initial submittal criteria and was appropriate for review by the committee.

In an effort to avoid this type of situation from occurring in the future and to improve the quality of applications submitted, staff recommends that a fee be incorporated into the process. The recommendation is that there be no charge for the first application, but that a re-application fee of \$1,000 be attached to subsequent submittals of the same application if such is necessitated due to errors or incorrect information being provided by the developer or his consulting engineer. The fee would be required to be submitted at the time of the re-application.

Since January 1, 2004, there has been one bond sale that included 20-year projects. The bonds for the 20-year special assessments sold higher than those for 15-year special assessments. The 20-year interest was 4.43877% whereas the interest for the 15-year bonds was 4.02101%.

Staff believes that the number of applications received in the past year hasn't generated enough data from which to determine whether or not to continue the program. Realistically, three to five years will be necessary to fully evaluate the data and determine if the project is increasing entry level home sales. Staff recommends that the pilot project be extended to provide time for more applications to be received so that additional data can be gathered, a trend line developed and a thorough analysis of the program can be completed for the Council. It typically takes three to five years for a subdivision to be built and the homes sold. Therefore, it is difficult to ascertain the total monthly special assessment costs for a subdivision's infrastructure projects until all of the projects (water/sewer, storm sewer and paving) have been built and the statement of costs certified.

Financial Considerations: Special assessment debt is a component of City General Obligation debt repaid by taxing specific benefit districts. Special assessment debt (meeting the criteria) will be spread over 20 years to property owners and will be payable at the same time as property taxes. The effect of extending the term will increase the aggregate amount of debt (new debt will be added faster than old debt will be retired) and, as can be seen from the most recent bond sale, will increase the interest cost to both property owners and the City of Wichita (longer maturity debt typically carries a higher interest rate).

Legal Considerations: K.S.A. 12-6a10 permits the issuance of special assessment bonds for a 20-year period. The governing body has the authority to permit the issuance of 20-year bonds and may establish a policy establishing criteria for determining when such bonds shall be issued.

Recommendation/Action: Staff recommends that the 20-year special assessment project be extended for one year with the incorporation of a \$1,000 fee for re-submittal of applications due to errors or incorrect information on the part of the developer or his consulting engineer.

Attachment: 2003-2004 Projects Approved for 20-Year Special Assessment Financing

ADDENDUM

Agenda Item 17a.

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1160

TO: Mayor and City Council

SUBJECT: Public Hearing on Expansion of the East Bank Redevelopment District
(Districts I and IV)

INITIATED BY: Finance Department

AGENDA: New Business (Addendum)

Recommendations: Close the public hearing and approve first reading of the Ordinance.

Background: On September 21, 2004, the City Council took several actions needed to facilitate the recruitment by WaterWalk LLC of a national destination retailer, Gander Mountain, Inc., to serve as the anchor retail tenant in the WaterWalk Redevelopment Project. Included in the actions taken was the adoption of a resolution setting November 16, 2004 as the date for a public hearing on the expansion of the East Bank Redevelopment District to include the River Corridor Project area. Pursuant to state law, copies of the resolution were sent by certified mail to all owners and occupants of property in the proposed expansion area, as well as to the Board of Sedgwick County Commissioners and the USD 259 Board of Education. The resolution was also published in the City's official newspaper on November 4, 2004.

Analysis: The addition of the River Corridor Project area to the East Bank Redevelopment District is needed in order to permit the use of Sales Tax and Revenue (STAR) Bonds as part of the overall plan of financing for the WaterWalk Project. The Gander Mountain portion of the WaterWalk project includes the City financing a portion of the cost to construct the Gander Mountain building.

The improvements included in the River Corridor Project are eligible for STAR Bond financing, while construction of buildings owned by or leased to private entities are not. By using STAR Bonds to finance a portion of the River Corridor Project, the general obligation funding for that project in the approved Capital Improvement Program (CIP) could then be reprogrammed for use in the WaterWalk Project. This reprogramming was one of the actions taken by the City Council on September 21, 2004.

State law governing the use of STAR bonds requires that improvements financed by STAR bonds must be located within an established redevelopment district. State law also allows property to be added to established redevelopment districts by following a prescribed procedure that includes giving notice as described in the preceding section, holding a public hearing and adopting an ordinance that adds the property to the redevelopment district.

The area proposed to be added to the East Bank Redevelopment District is generally bounded by Douglas Avenue on the south, Waco Street on the east, Greenway Boulevard and Central Avenue on the north, and McLean Boulevard on the west, plus an approximately five-acre parcel located at the southwest corner of Maple Street and McLean Boulevard. The boundaries are depicted on a map of the area attached hereto.

Financial Considerations: The total amount of the Gander Mountain portion of the WaterWalk Project to be financed by STAR Bonds is \$7,000,000. An additional \$1,000,000 will be used to finance public art in the WaterWalk Project area. On September 21, 2004, the City Council approved bonding resolutions to reflect the combined WaterWalk and River Corridor projects and their respective expenditure authority.

Legal Considerations: The Law Department has drafted the ordinance authorizing the addition of property to the redevelopment district in conformance with state law. A simple majority vote is needed to adopt the ordinance. Copies of the adopted ordinance will be forwarded to the County Clerk, County Treasurer and County Appraiser following publication.

Recommendation/Actions: It is recommended that the City Council close the public hearing and approve first reading of the ordinance authorizing the addition of the River Corridor Project area to the East Bank Redevelopment District and approving a substantial change to the District Plan.

ADDENDUM

Agenda Item # 17B

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1159

TO: Mayor and City Council

SUBJECT: Urban Renewal Notice of Intent to Lease Land

INITIATED BY: Finance Department

AGENDA: New Business (Addendum)

Recommendations: Authorize the giving of notice.

Background: The City of Wichita has entered into a development agreement with WaterWalk LLC for the redevelopment of a portion of the East Bank Redevelopment

District. The development agreement and the adopted redevelopment plan call for the City to lease certain parcels of land in the East Bank Redevelopment District to WaterWalk LLC and for WaterWalk LLC to construct various commercial buildings thereon. The first such parcel to be leased to WaterWalk LLC is the Destination Retailer Building Site, identified as Parcel A on the approved Revised WaterWalk Master Plan. WaterWalk LLC intends to construct an 80,000 square foot commercial building on this site and lease it to Gander Mountain, a national outdoor sports outfitter.

In the late 1960s, the area of downtown Wichita now known as the East Bank Redevelopment District was designated as an urban renewal area. State laws pertaining to urban renewal require public notice to be given prior to disposition of land included in an urban renewal area. Staff intends to give such notice, pursuant to law, prior to returning to the City Council on December 14, 2004 for approval of the lease for the Gander Mountain site.

Analysis: The law requires that a notice stating the City's intent to dispose of the urban renewal land be published twice on consecutive weeks in the City's official newspaper. The law also requires the City Council be notified of the intent to lease the land at least 30 days prior to the execution of the lease. Based on this, the earliest the Gander Mountain site lease may be executed will be December 16, 2004.

The published notice will be titled "Notice of Intent to Lease Urban Renewal Land" and will state that the City of Wichita intends to enter into a master lease agreement with WaterWalk LLC providing for the lease of certain parcels identified on the Revised WaterWalk Master Plan. The notice will describe the location of the property to be leased under the master lease agreement and will state that the draft master lease will be available for review during regular business hours in the Economic Development Office.

Financial Considerations: The cost of publishing the urban renewal notices will be charged to the WaterWalk capital project.

Legal Considerations: The Department of Law had provided guidance on the compliance with urban renewal laws and will approve the form of the notice prior to its publication.

Recommendation/Actions: It is recommended that the City Council authorize and direct staff to give public notice of the City's intent to lease land in the East Bank Redevelopment District to WaterWalk LLC in accordance with applicable urban renewal laws.

Agenda Item # 18

**City of Wichita
City Council Meeting
November 16, 2004**

Agenda Report No. 04-1145

TO: Mayor and City Council

SUBJECT: Ordinance Authorizing Execution and Delivery of Master Amendment to Lease Agreements (Boeing Company IRB Projects) (District VI)

INITIATED BY: Law Department

AGENDA: New Business

Recommendation: Place on first reading the Ordinance authorizing the Master Amendment to Lease Agreements between the City of Wichita and The Boeing Company.

Background: The City has outstanding twenty-five series of Industrial Revenue Bonds issued between February 1980 and December 17, 2003, to finance facilities for the benefit of The Boeing Company (“Boeing”). Each series was issued as a stand-alone financing for a discrete project, under separate, project-specific Leases (the “Leases”). Now, Boeing seeks a Master Amendment to Lease Agreements, modifying each of the separate project Leases to specifically provide that Boeing may set off against its scheduled Lease payments the amount of any direct payment it has made on the related series of Bonds. Boeing is the holder of all the outstanding Bonds, and essentially “pays” itself directly when Bond payments are due. Boeing’s accountants have opined that an express provision for setoff is technically required to allow Boeing to count these payments as satisfying its Lease obligations (which, on their face, call for Boeing to send payments to the Trustee so that the Trustee may send them to the Bondholder).

Analysis: The form of the Master Amendment to Lease Agreements will add the express setoff provision requested by Boeing to each of the separate Leases, in their respective sections entitled, “Rents and Other Amounts Payable.” The Bank of New York Trust Company, N.A., as Trustee for the affected industrial revenue bonds, will consent to the Master Amendment to Lease Agreements in its capacity as the Trustee and Assignee of the Leases, and Boeing will also consent to the amendment, in its capacities as Tenant and as holder of 100% of the Outstanding Bonds.

Financial Considerations: Costs arising in relation to the need for passage and publication of the amending Ordinance will be borne by the Tenant, and not by the City.

Legal Considerations: The City Attorney's Office has reviewed the Ordinance and Master Amendment to Lease Agreements, and approved the same as to form.

Recommendations/Actions: It is recommended the City Council place on first reading the Ordinance to authorize the execution and delivery of the Master Amendment to Lease

Agreements.

MASTER AMENDMENT TO LEASE AGREEMENTS

MASTER AMENDMENT TO LEASE AGREEMENTS, dated as of December 1, 2004, between **THE CITY OF WICHITA, KANSAS** (“Issuer”), a municipal corporation organized under the laws of the State of Kansas and **THE BOEING COMPANY** (“Lessee”), a Delaware corporation duly authorized and qualified to do business in the State of Kansas, being an amendment to each substantially identical Lease Agreement listed on Schedule I hereto (collectively, the “Agreements”), between said Issuer and Lessee (defined terms used in this Amended Lease and not otherwise defined have their respective meanings as set forth in said Agreements).

WITNESSETH:

WHEREAS, in accordance with separate ordinances of the City Council of Issuer, Issuer has heretofore entered into the Agreements with Lessee pursuant to which Issuer made available the proceeds of the Bonds listed on Schedule I hereto (collectively, the “Bonds”) for the purpose of financing Lessee’s cost of acquisition, construction, improvement or equipping of certain industrial and manufacturing facilities for use by Lessee, all in accordance with the Act; and

WHEREAS, the separate, but substantially identical Indentures relating to each issue of Bonds permit any amendments to the corresponding Agreements with the consent of Issuer, Trustee and the Bondholders of two-thirds of the Bonds Outstanding; and

WHEREAS, Lessee has requested the amendment of each Agreement to permit Lessee to setoff its lease rental payments made pursuant to each Agreement against its receipt of such payments in its capacity as the holder of the Bonds, and Issuer is agreeable to amending the Agreements solely as set forth in Section 1 hereof; and

WHEREAS, there has been presented to Issuer and Trustee written evidence of the requisite Bondholder consent to this Master Amendment to Lease Agreements.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby and in consideration of the premises, do hereby agree as follows:

Each Agreement is hereby amended by the addition of the following paragraph as a new clause under the caption “Rents and Other Amounts Payable”:

Notwithstanding anything herein to the contrary, at any time during the term of the Lease, Lessee shall have the absolute right to setoff against payments due to Issuer pursuant to this Lease corresponding to payments of principal and interest on the Bonds, any unpaid obligations of Issuer owed to the holder or holders of the Bonds for such payments of principal and interest under the terms of the Indenture, which Lessee has paid in full on Issuer’s behalf or for which

Lessee has received a credit from the holder or holders of the Bonds as having paid in full such payments, receipt of which, including a release of the obligations of Issuer therefor, is acknowledged by the holder or holders of the Bonds.

Miscellaneous.

All references in the Agreements or any other agreement or document delivered in connection therewith shall be deemed to refer to such agreement as amended and modified by this Master Amendment to Lease Agreements.

This Master Amendment to Lease Agreements shall be coterminous with the Agreements.

This Master Amendment to Lease Agreements may be simultaneously executed in several counterparts, each of which shall be an original and all which shall constitute but one and the same instrument.

This Master Amendment to Lease Agreements shall be governed by and construed in accordance with the laws of the State of Kansas.

Except as expressly provided by Section 1 of this Master Amendment to Lease Agreements, all terms, provisions, representations, covenants, warranties and agreements of the Agreements continue in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Issuer has caused this Master Amendment to Lease Agreements to be executed in its corporate name and with its official seal hereunto affixed and attested by its duly authorized officials. Lessee has caused this Master Amendment to Lease Agreements to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers. All of the above occurred as of the date first above written.

[SEAL]

CITY OF WICHITA

Attest:

By _____
Karen Sublett
City Clerk

By _____
Phil Lambke
Acting Mayor

[SEAL]

THE BOEING COMPANY

Attest:

By _____
Frederick J. Dodds, III

By _____
James M. Urso
A i F

Assistant Secretary

Attorney in Fact

Acknowledged, consented to and accepted
by the Trustee, as assignee of the
Agreements pursuant to the Indenture

THE BANK OF NEW YORK TRUST
COMPANY, N.A.

By _____

ACKNOWLEDGMENT OF LESSEE

STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

I, the undersigned, a Notary Public in and for said County in said State, DO
HEREBY CERTIFY that JAMES M. URSO and FREDERICK J. DODDS, III, whose
names as Attorney in Fact and Assistant Secretary, respectively, of THE BOEING
COMPANY are signed to the foregoing Master Amendment to Lease Agreements, and
who are known to me to be such officers, acknowledged before me on this day that, being
informed of the contents of said Master Amendment to Lease Agreements, they, in their
capacities as such officers and with full authority, executed, sealed and delivered the
same voluntarily for and as the act of said Company.

Given under my hand and seal of office this ____ day of December, 2004.

[SEAL]

Notary Public

My Commission Expires:

ACKNOWLEDGMENT OF ISSUER

STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

I, the undersigned, a Notary Public in and for said County in said State, DO
HEREBY CERTIFY that PHIL LAMBKE and KAREN SUBLETT, whose names as
Acting Mayor and City Clerk, respectively, of the CITY OF WICHITA are signed to the

foregoing Master Amendment to Lease Agreements, and who are known to me to be such officers, acknowledged before me on this day that, being informed of the contents of said Master Amendment to Lease Agreements, they, in their capacities as such officers and with full authority, executed, sealed and delivered the same voluntarily for and as the act of said City.

Given under my hand and seal of office this ____ day of December, 2004.

[SEAL]

Notary Public

My Commission Expires:

SCHEDULE I

**City of Wichita, Kansas
Industrial Revenue Bonds
(The Boeing Company Project)**

**Lease Agreement between City of
Wichita, as Lessor, and The Boeing
Company, as Lessee, Dated:**

Series I, 1980	February 1, 1980
Series XIX, 1981	December 1, 1981
Series XXIII, 1982	December 1, 1982
Series X, 1983	December 1, 1983
Series XI, 1983	December 1, 1983
Series VII, 1984	December 1, 1984
Series XVII, 1985	December 1, 1985
Series VIII, 1986	December 1, 1986
Series X, 1987	December 1, 1987
Series VII, 1988	December 1, 1988
Series II, 1989	December 1, 1989
Series VIII, 1990	December 1, 1990
Series IX, 1991	December 1, 1991
Series IX, 1992	December 1, 1992
Series VI, 1993	December 1, 1993
Series XIV, 1994	December 1, 1994
Series X, 1995	December 1, 1995
Series VII, 1996	December 1, 1996

Series XVI, 1997	December 1, 1997
Series XIV, 1998	December 1, 1998
Series XIII, 1999	December 1, 1999
Series VI, 2000	December 1, 2000
Series X, 2001	December 1, 2001
Series V, 2002	December 1, 2002
Series V, 2003	December 1, 2003

Agenda Item # 19

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1146

TO: Mayor and City Council

SUBJECT: Revised Economic Development Incentive Policy

INITIATED BY: Finance Department

AGENDA: New Business

Recommendations: Approve the revised Policy.

Background: One of the essential functions of city government is to foster economic growth in the community in order to provide adequate employment opportunities for its citizenry, to ensure a high quality of life and to generate sufficient fiscal resources to fund essential government services and infrastructure. Literally all city government activities impact economic development, ranging from regulatory functions, planning, public safety, utilities, public recreational and cultural amenities, all the way to infrastructure. Direct economic development activities of the City of Wichita include neighborhood revitalization, downtown redevelopment, workforce training and assistance, financial assistance to small businesses and economic incentives for business expansion, retention and recruitment. The effort to attract and retain businesses and create jobs in the Wichita area is led by the Greater Wichita Economic Development Coalition (GWEDC). The City of Wichita has joined with Sedgwick County, the Chamber of Commerce, the Regional Economic Area Partnership (REAP) and 130 area businesses to create the GWEDC.

Economic development incentives are a crucial component of nearly all successful attempts to attract and retain businesses. Labor costs and supply continues to be the top factor in deciding where to locate or relocate a business, but incentives have climbed high on the list in recent years. In Kansas, state law provides local governments with a number of economic development incentive programs to administer. These include property and sales tax abatements, property tax rebates, industrial revenue bonds and tax increment financing. In addition, state courts have upheld the rights of cities to use their home rule powers to appropriate public funds to directly assist private businesses for economic development purposes.

The Wichita City Council has adopted several policies over the years to guide the City's use of economic development incentives. The most often-used incentives for recruitment and retention of businesses are industrial revenue bonds and tax abatements. These incentives have been subject to separate policies which have not been substantially revised in several years. At the request of the City Council, the GWEDC has undertaken a review of these policies and submits the attached Economic Development Incentives Policy for Council approval.

Analysis: The GWEDC was supported by City, County, Chamber and REAP staff and an outside consultant in formulating the attached Economic Development Incentives Policy. GWEDC is asking both The City of Wichita and Sedgwick County to adopt the same Policy. The guidelines in the Policy will be applied to all projects located in the City and in the unincorporated areas of Sedgwick County. GWEDC has indicated it will encourage other cities in Sedgwick County to adopt the same or similar policy.

Under the proposed Policy, all projects are to be subjected to analysis of both economic and fiscal impact prior to determining the level of incentives. GWEDC is working with WSU's Center for Economic Development and Business Research (CEDBR) to evaluate various standardized analytic models in use nationally for this purpose. The economic impact study will be used to initially evaluate the economic viability of the project, while the fiscal impact will measure the public costs vs. benefits resulting from use of incentives. The Policy calls for a minimum 1.3 to one ratio of benefits to costs to justify incentives.

Target Businesses

The Policy identifies the following business sectors and types of projects that will be eligible for economic development incentives:

- Manufacturing. Determined by appropriate NAICS codes.
- Service Sector. Majority of revenues must be derived from transactions originating outside the State of Kansas.
- Research and Development. The conducting of research, development or testing for scientific, medical, food product or industrial purposes.
- Warehousing and Distribution. Majority of goods stored/shipped must be destined for end-users located outside the Wichita MSA.

- Corporate Headquarters. May include “back office” operations and customer service activities, but shall not include out-bound call centers. Majority of revenues must be derived from transactions originating outside the Wichita MSA.
- Transportation. Freight or passenger transportation services. Majority of revenue must be derived from interstate commerce/travel.
- Commercial Redevelopment. Must address rejuvenation of officially designated urban redevelopment areas.
- Tourism. Attractions and events considered likely to attract at least 30% of attendees from outside the Wichita MSA.
- Affordable Housing. Incentives may include tax-exempt IRBs and sales tax exemption, but shall not include property tax abatement.
- Medical Services. Regional medical centers and specialty hospitals considered likely to attract at least 30% of patients from outside the Wichita MSA.

Under this Policy, businesses that generate a majority of their sales from local consumers will not be eligible for economic development incentives unless they are in a commercial redevelopment project or are tourism, housing or medical service businesses. Also, in order to qualify for any economic development incentive, a business must pay average wages to its employees that are equal to or greater than the average wages for either that type of business or all businesses in the MSA excluding the aircraft industry, which ever is less. These restrictions do not apply to businesses receiving property tax rebates under the Neighborhood Revitalization Area Program.

The Policy gives guidelines for other considerations that are to be given to each project in determining whether and to what extent to provide economic development incentives. These provide a basis for customizing an incentive package to fit special circumstances based on specific characteristics of a project. The Policy calls for each project to be covered by a written economic development incentive agreement and that the agreement will provide the basis for monitoring and enforcing compliance with standard terms and conditions.

Incentives Matrices

The Economic Development Incentives Policy sets forth a matrix of property tax abatement levels that are suggested for different projects, based on specific attributes of job creation and capital investment. For the purpose of determining the percentage of tax abatement based on jobs, the number of jobs being created is to be adjusted up or down, based on the relationship between the business’ wages and the average wages for all jobs in the Wichita MSA. If wages are higher than average, the number of jobs will be adjusted upward for the purpose of determining the appropriate incentive level, and vice versa.

The matrix is formula-driven and it can be found in tabular form as an appendix to the attached Policy. For both employment and investment criteria, there is a sliding scale so that even very small-sized projects can qualify for a significant incentive level when jobs and investment are considered together. For example, a business creating five jobs and investing \$500,000 in new plant and machinery can receive a 15% tax abatement for job

creation and 10% for investment. If the business is located in the older part of Wichita, it can receive an additional 20%, for a total tax abatement of 45%. Very large projects can qualify for a 100% abatement on the basis of either employment or investment alone. Aircraft companies typically cannot commit to job creation due to the highly cyclical nature of the business; however they often make investments in new plant and equipment in excess of \$30 million. Either job creation of 100 new jobs or investment of \$33.5 million will qualify a business for 100% tax abatement.

The attached Economic Development Incentives Policy represents a new approach compared to the existing policies, which are quite lengthy documents written in the format of a resolution and contain minute detailed instructions on procedures for submittal and approval of incentives. The proposed format is considered more user-friendly by businesses and economic developers. The detailed procedures and terms and conditions will be included as appendices to the policy, along with the form of a standard incentive agreement, various forms and a list of definitions of specialized terminology.

Financial Considerations: There is no immediate fiscal impact of this new Economic Development Incentives Policy on the City of Wichita. Each incentive project will be presented to the City Council for approval and the fiscal impact will be identified for each project at that time.

Legal Considerations: The Law Department will review and approve as to form the procedural appendices, list of standard terms and conditions and form of standard incentive agreement prior to their approval by the City Council.

Recommendation/Actions: It is recommended that the City Council approve the proposed Economic Development Incentives Policy.

Agenda Item #20

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1147

TO: Mayor and City Council

SUBJECT: Public Hearing and Request for Letter of Intent for Industrial
Revenue Bonds (Cap Carpet, Inc.) (District V)

INITIATED BY: Finance Department

AGENDA: New Business

RECOMMENDATION: Close the public hearing and approve the letter of intent.

BACKGROUND: Ridge Plaza Ventures, L.L.C. (Ridge Plaza) is requesting the issuance of a one-year letter of intent for Industrial Revenue Bonds (IRBs) in an amount not to exceed \$4,000,000. Bond proceeds will be used to finance the cost of acquiring, constructing and equipping a new distribution center and commercial warehouse facility to be leased to Ridge Plaza Ventures, L.L.C. Ridge Plaza is also requesting the City Council's approval of a 100% five-year tax exemption on bond-financed property and a second five-year exemption upon City Council approval. The new facility will be located in the area of west Taft near Kellogg & Ridge Road in southwest Wichita. Ridge Plaza Ventures will sublease the project to CAP Carpet, Inc.

ANALYSIS: Ridge Plaza is a related real estate holding company of CAP Carpet. CAP Carpet (CAP) is a leading world wide supplier of carpet, fabric, leather and utility flooring to the aircraft industry. CAP also markets product both on a wholesale and retail basis through various locations in the Upper Midwest. CAP's headquarters are located in Wichita and the Company has been in business since 1968. CAP originally started out as a retail enterprise, but in the past ten years has been expanding its wholesale flooring business with sites opened in Urbandale, IA, LaVista, NE, and Lee's Summit, MO. CAP imports products from Europe and Asia to its Wichita warehouses as well as making stock purchases for distribution to its various sites. The Aircraft Interior Products division with CAP is a supplier to local aircraft companies. The Company also ships product throughout the U.S. CAP also has commercial sites in Wichita and Topeka. It has five retail/outlet sites in Wichita and Topeka while marketing under the names of Carpet One, Stone Mountain and Big Bob's. The Company is affiliated with a co-op group named Carpet Cooperative of America (CCA Global), which provides consolidated purchasing, marketing and administrative support.

CAP proposes to build a new 52,135 s.f. distribution center and corporate headquarters to be located in the area of west Taft near Kellogg & Ridge Road in southwest Wichita. CAP currently employs approximately ? people and plans to add 38 new jobs over a 10-year period.

An analysis of the uses of project funds is:

Acquisition of Land	\$ 400,000	
Building and Site Improvements	3,000,000	
Furniture, Fixtures and Equipment	500,000	
Costs of Issuance	25,000	
Miscellaneous		75,000
Total Cost of Project:	\$4,000,000	

The firm Hinkle Elkouri L.L.C. will serve as bond counsel in the transaction. The Company plans to privately place the bonds with a financial institution with which it has

an established banking relationship. The Company agrees to comply with the City's requirements contained in the Standard Letter of Intent Conditions. The cost/benefit analysis based on the fiscal and economic impact model of the Wichita State University's Center for Economic Development and Business Research reflects cost/benefit ratios as follows:

City	1.73 to one
County	1.57 to one
USD 259	2.64 to one
State	1.07 to one

FINANCIAL CONSIDERATIONS: The Company agrees to pay all costs of issuing the bonds and the City's \$2,500 annual IRB administrative fee for the term of the bonds. Under the new City's Business Incentive Policy, the Company qualifies for a 90% five-plus-five-year tax exemption on property purchased with bond proceeds.

The estimated first year's taxes on Ridge Plaza's proposed \$4,000,000 expansion would be \$76,700, on real property improvements and \$10,955 on personal property, based on the 2003 mill levy. Using the allowable tax exemption of 90 percent, the City would be exempting (for the first year) \$87,655 of new taxes from the real and personal property tax rolls. The tax exemption would be shared among the taxing entities as follows: City - \$24,612; County/State - \$23,387; and USD 259 - \$39,656.

LEGAL CONSIDERATIONS: Bond documents needed for the issuance of bonds will be prepared by bond counsel. The City Attorney's Office will review and approve the form of bond documents prior to the issuance of any bonds.

RECOMMENDATIONS/ACTIONS: It is recommended that the City Council close the public hearing and approve a Letter of Intent to Ridge Plaza Ventures, L.L.C. Inc. for Industrial Revenue Bonds in an amount not-to-exceed \$4,000,000, subject to the Standard Letter of Intent Conditions, for a term of one-year, and approve a 90% tax abatement on all bond-financed property for an initial five-year period plus an additional five years following City Council review, and authorize the necessary signatures.

Agenda Item #21

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1148

TO: Mayor and City Council

SUBJECT: Public Hearing and Request for Letter of Intent for Industrial Revenue Bonds (The Coleman Company, Inc.) (District I)

INITIATED BY: Department of Finance

AGENDA: New Business

Recommendation: Approve the Letter of Intent.

Background: Between 1993 and 2002, the City Council has approved Letters of Intent to issue Industrial Revenue Bonds (IRBs) up to \$135 million to the Coleman Company, Inc. and has approved the issuance of \$121.8 million. Bonds were issued to finance the construction of a new corporate headquarters, the expansion of existing manufacturing facilities and the purchase of additional machinery and equipment for its manufacturing facilities in Wichita and Maize. In addition, the City Council also approved a 100% five-plus-five-year ad valorem tax exemption on all bond-financed property.

On November 19, 2002, City Council approved a new Letter of Intent for a two-year term, which will expire on November 19, 2004. The company request for an extension to December 31, 2004, to expend the remaining balance of \$6 million to finance 2004 capital expenditures at its Wichita facility. The Coleman Company is also asking the City to issue a new Letter of Intent for a term ending December 31, 2007, in an amount not-to-exceed \$35,000,000. Additionally, the company request a 100% tax exemption on all bond-financed property for a five-year term, plus a second five years subject to City Council review.

In addition, pursuant to an existing Interlocal Cooperation Agreement between the City of Maize and the City of Wichita, the City of Wichita has the authority to issue Industrial Revenue Bonds in the amount not-to-exceed \$7.1 million to finance 2004 capital expenditures at Coleman's facility in Maize.

Analysis: The bond proceeds will be used for the redesign of factory space and for the purchase of additional manufacturing equipment, primarily machinery, tooling and technological equipment at the existing Wichita and Maize facilities. The Coleman Company, Inc. is engaged in the manufacturing and distribution of outdoor recreational products. The Company's principal products include a comprehensive line of pressurized lighting, cooling and heating appliances for camping and outdoor recreational use (such as Coleman lanterns and stoves), fuel-related products, including disposable propane-filled cylinders, a broad range of insulated food and beverage containers, portable electric lights, and other products for recreational use and do-it-yourself markets.

In early 2002, the Coleman Company began a series of steps to reestablish its worldwide headquarters in Wichita. The Wichita-based management team assumed direction of

international operations in January 2002. Transition of corporate functions from Sunbeam's Florida office to Coleman's Wichita office is underway and will continue over the next few years. The Coleman Company employs 974 people at its Wichita facilities. The average salary for full time employees is \$44,880. Under current plans, the Company does not anticipate increases in employment

The uses of bond proceeds are as follows:

Wichita Facilities

Building Improvements	\$3,500,000
Manufacturing Equipment	31,500,000
Total	35,000,000

Maize Facility

Manufacturing Equipment	7,151,000
Total	7,151,000

Total Cost of Projects \$42,151,000

The City's bond counsel firm Hinkle Elkouri Law Firm, L.L.C. will serve as bond counsel in the IRB transaction. The Coleman Company will purchase the bonds, and as a result the bonds will not be offered to the public. The Coleman Company agrees to comply with the Standard Conditions contained in the City's IRB Policy. The cost/benefit analysis based on the fiscal and economic impact model of the Wichita State University's Center for Economic Development and Business Research reflects cost/benefit ratios as follows:

City	1.02 to one
County	1.14 to one
USD 259	1.00 to one
State	3.34 to one

Financial Considerations: The Coleman Company, Inc. agrees to pay all costs of issuing the bonds and agrees to pay the City's \$2,500 annual IRB administrative fee for the term of the bonds. Under the City's new Economic Development Incentive Policy, the Company qualifies for a 100% five-plus-five-year tax exemption on property purchased with bond proceeds, based solely on capital investment.

Legal Considerations: Bond documents have been prepared by Hinkle Elkouri, L.L.C., bond counsel for the project. The City Attorney's Office will review and approve the final form of bond documents prior to the issuance of any bonds.

Recommendations/Actions: It is recommended that the City Council; 1) close the public hearing; 2) approve the extension of the 2002 Letter of Intent to the Coleman Company, Inc.; 3) approve a new Letter of Intent for the issuance of Industrial Revenue Bonds in an amount not-to-exceed \$35,000,000 million for a term ending December 31, 2007; 4) and

grant a 100% tax exemption on all bond-financed property for a five-year term, plus a second five years subject to City Council review, and subject to Standard Letter of Intent conditions.

Agenda Item # 22

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1149

TO: Mayor and City Council

SUBJECT: Approval of Invista Economic Development Incentive Package
(District I)

INITIATED BY: Finance Department

AGENDA: New Business

Recommendations: Approve the incentive agreement.

Background: In January 2004, Lieutenant Governor John Moore was contacted by representatives of Koch Industries with the news that Koch was nearing an agreement to purchase a major division of Dupont, called Dupont Textiles and Interiors. Lt. Gov. Moore contacted City and County officials who formed a task force to develop a proposal that would convince Koch to relocate the corporate headquarters of the new company to Wichita. A joint proposal was made to the company in February 2004, with the City and County portion being subject to ultimate approval by their respective governing boards. In April 2004, Koch concluded the purchase, renamed the new company Invista and announced that its headquarters would be located in Wichita. The Company has accepted the offer of incentives made by the City, County and State.

Analysis: The new INVISTA is a global integrated fiber and intermediates business with a presence in 50 countries. It is comprised of six divisions: Apparel; Performance Fibers; Interiors; Intermediates; Polymer and Resins; and Textile Fibers. Invista products are marketed worldwide under well-known names such as LYCRA®, STAINMASTER®, ANTRON®, POLARGUARD®, COOLMAX®, THERMOLITE®, AVORA®FR, CORDURA®, SUPPLEX®, TACTEL®, ESP® and TEFLON®. Headquarters of the Invista divisions are in Wilmington, DE, Atlanta GA and Charlotte NC. Each of these communities were considered as possible locations for the corporate headquarters of Invista. Instead, the decision was made to locate the headquarters in the Invista Building on the Koch Industries campus on East 37th Street North, in north Wichita. Invista will

spend up to \$6 million on the remodeling of the building and relocation of its headquarters to Wichita.

In order to attract the Invista headquarters to Wichita, the City, County and State offered a variety of financial incentives. The State of Kansas incentive package includes cash, training funds and tax credits totaling nearly \$2.5 million. The City and County's offers are both cash incentives in the form of forgivable loans, and are subject to approval of the forgivable loan agreements by the respective governing boards. The Sedgwick County offer is for \$1,285,000 and the City of Wichita offer is for \$740,000.

In addition to the aforementioned financial incentives, the City and County worked with other community partners to offer other incentives. The Wichita Area Chamber of Commerce put together a "community concierge" program to assist new employees from outside the area in dealing with the exigencies of relocating their families and households. Wichita State University offered a variety of educational benefits to Invista employees moving to Wichita from outside the state. Sedgwick County offered complimentary six-month memberships to Cowtown and the Sedgwick County Zoo for new employees from outside the area. And the City offered the services of its Development Assistance Office to expedite the permitting and inspection for remodeling work at the new Invista headquarters building.

Invista will ramp up its employment at its Wichita headquarters to 206 employees within a five-year period. Wages of the new employees will average over \$100,000 per year. Many of the new Invista employees will move to Wichita from outside the State of Kansas and many positions will be filled locally. Several key positions at the Invista headquarters have been filled by former Koch employees. Positions that were vacated at Koch by the hiring at Invista have either been filled or are being held open until they are filled. Overall, employment at Koch's Wichita headquarters has increased since the acquisition of Invista was announced.

The City and County have negotiated the terms of the forgivable loans, based on a standard form used by the State of Kansas in its KEOIF forgivable loan program. A forgivable loan converts to a grant over a specified period of time, as specified conditions are met. The Invista forgivable loan will be converted to a grant over a five-year period, based on Invista meeting its employment and wage goals of 206 employees at an average wage of \$105,031 per year.

Each year, the outstanding balance of the loan will be forgiven in one-fifth installments if that year's job and wage commitments are met, and carried forward if not. At the end of five years, the remaining balance of the loan will be forgiven if the full job and wage commitment has been reached. If not, the outstanding balance will be due and payable at that time. In addition, if Invista moves its corporate headquarters from Wichita during the term of the agreement, the entire amount of the loan will be due and payable, including accrued interest at eight percent.

Financial Considerations: The City's forgivable loan will be funded from the appropriated general fund reserve. There is no request for Industrial Revenue Bonds or property tax abatement. Sales tax exemption is included in the State incentive package.

Legal Considerations: The attached forgivable loan agreement has been approved as to form by the Law Department.

Recommendation/Actions: It is recommended that the City Council approve the forgivable loan to Invista in the amount of \$740,000 and authorize the Mayor to execute the loan agreement.

Agenda Item No. 24

**City of Wichita
City Council Meeting
November 16, 2004**

Agenda Report No.04-1151

TO: Mayor and City Council

SUBJECT: Funding Support for the Arts

INITIATED BY: Division of Arts and Culture

AGENDA: New Business

Recommendation: Approve the Resolution.

Background: In 1994, the City Council and the Arts Council commissioned an independent study of the impact and potential of local arts and culture, which resulted in the approval of the Wichita Community Cultural Plan. One of the goals of the Cultural Plan was to establish a funding mechanism that would encourage cultural resources to become active partners.

On March 16, 2004, the City Council approved the formation of an Arts Task Force. The Arts Task Force was asked to accomplish the following and return with their recommendations:

- Study current funding support for the arts;
- Determine an equitable process for the City Council to evaluate requests for funding;
- Develop public and private funding options and;
- Designate the appropriate department for which the Division of Arts and Culture should reside.

Analysis: The Task Force has determined a fair and equitable process that will protect the City's current \$75 million investment in the arts while encouraging the development of other existing and emerging organizations. The Task Force believes that they City must protect its current investments in the organizations that have become an integral part of the community's culture.

This investment includes the City's ownership of various properties and entities within the community including the Wichita Art Museum, Old Cowtown, Botanica, Century II, CityArts and many others. Through historical agreements, the City has made substantial investments in these facilities to purchase, promote and maintain them.

The Task Force believes that the current levels of funding and in-kind support continue to protect the \$75 million investment the City of Wichita has made to the arts. It is imperative that the City continues to promote and encourage growth of the arts as a vehicle for cultural tourism rather than make further reductions to the arts or simply maintain the status quo. A resolution establishing a funding formula needs to be approved/adopted for the arts and cultural community.

Financial Considerations: The process for performance-based criteria developed by the Arts Task Force creates an equitable and fiscally responsible method for distributing funds to arts organizations. A funding formula has been established that would dedicate a portion of the mill levy, at a level approximating the amount that would be raised in a year by 2.1 mills, with the intent of allocating the funds to support arts and cultural organizations and their facilities.

Legal Considerations: None

Recommendations/Actions: It is recommended that the City Council adopt the Resolution.

Agenda Item No. 25

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1152

TO: Mayor and City Council

SUBJECT: ZON2004-00031 – Zone change from “SF-5” Single-family Residential to “TF-3” Two-family Residential. Generally located approximately midway between Greenwich Road and 127th Street East, north of Douglas Avenue.
(District II)

INITIATED BY: Metropolitan Area Planning Department

AGENDA: Planning (Non-Consent)

MAPC Recommendations: Approve (12-0-1)

MAPD Staff Recommendations: Approve

DAB II Recommendations: Approve (7-2)

BACKGROUND: The applicants request a zone change from “SF-5” Single-Family Residential to “TF-3” Two-Family Residential on Lots 5 – 9, of the Garden Meadows Addition. Lots 1 – 4 of the Garden Meadows Addition will remain zoned “SF-5”. The subject site is located north of Douglas and east of Jackson Heights Street, midway between 127th Street East and Greenwich Avenue. The applicant proposes to develop the site with duplexes on the five eastern lots, which are at the end of the Jackson Heights Court cul-de-sac.

Analysis: The immediate area is characterized by large lot/tract single-family residential development with “SF-5 zoning on the north side of Douglas Avenue. The size of these lots/tracts range from 0.25–acres to over 4-acres with the houses on them having been built anywhere from the 1920s to 1980, with the majority having been built during the 1940s and 1950s. Materials used on the houses vary from brick, to brick and wood or composite siding, to wood or composite siding. Some of the larger lots, with houses on them, also have outbuildings on them allowing these property owner’s to keep their horses on their properties. The area also features lots of mature trees, landscaping and some mixed tree hedges. South of Douglas Avenue there is undeveloped, woody “SF-20” zoning, in a small isolated part of Sedgwick County, and a large manufactured housing park. The subject site/Garden Meadows Addition is on Jackson Heights Court, an asphalt paved, roll over curb, cul-de-sac. There is one single-family residence, built on two of the lots, in the addition. The five subject lots’ size ranges from approximately 0.33-acres to 0.50-acres.

The Land Use Guide of the Comprehensive Plan identifies this area as appropriate for “Low Density Residential” development. The “Low Density Residential” category provides for the lowest density (1 to 6 units per acre) of urban residential land use and consists of single-family detached homes, zero lot line units, cluster subdivisions, and planned developments with a mix of housing types that may include townhouse and multi-family units. The density of the proposed “TF-3” zoning matches the development density in a “Low Density Residential” area rather than a “Medium Density Residential” development density, which the “TF-3” zoning district is considered. The development of 5 duplexes as proposed (approximately 6 to 4 units per acre) is within the appropriate density range (1 to 6 units per acre) for the “SF-5” zoning district.

The MAPC considered this case at their June 24, 2004 meeting and recommended approval (12-0-1) of the zoning change to “TF-3” two-family residential, as recommended by Staff. Several persons spoke in opposition to the requested zoning change at the meeting. DAB II considered this case, at their July 12, 2004 meeting and recommended (unanimously) that the case be deferred pending discussions between the applicant and area residents, in an attempt to achieve consensus on the zoning request. Several persons spoke in opposition to the requested zoning change at the meeting. DAB II reconsidered this case, again, at their October 18, 2004 meeting and recommended (7-2) that the zone change of “SF-5” to “TF-3” be approved. Several persons spoke in opposition to the requested zoning change at the meeting. Staff has received written

protest against the requested zoning change that represent 52.44% of the land area. When landowners representing over 20% of the land area protest a zoning change, the zone change cannot be approved except by at least a three – quarter majority vote of all members of the governing body. In Wichita this calculation is based on a distance of a 200-foot radius from the outer boundaries of the application area.

Financial Considerations: None

Legal Considerations: The ordinance has been reviewed and approved as to form by the Law Department.

Recommendation/Actions:

1. Concur with the findings of the MAPC and approve the zone change; place the ordinance establishing the zone change on the first reading (requires 3/4 majority of all members of City Council); or
2. Return the application to the MAPC for reconsideration.

(An override of the Planning Commission's recommendation requires a two-third majority vote of the City Council on the first hearing.)

Agenda Item # 26

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1153

TO: Mayor and City Council Members

SUBJECT: SUB 2004-94 -- Plat of KDMM Addition, Located on the North Side of 53rd Street North and East of Tyler Road.

INITIATED BY: Metropolitan Area Planning Department

AGENDA ACTION: Planning (Consent)

Staff Recommendation: Approve the plat.

MAPC Recommendation: Approve the plat. (9-0)

Background: This unplatted site, consisting of one lot on 4.93 acres, is located in the County within three miles of Wichita's city limits. The site has been approved by the Sedgwick County Commissioners for a zone change (ZON 2004-11) from RR, Rural Residential District to NO, Neighborhood Office District.

Analysis: Since neither sanitary sewer nor municipal water is available to serve this property, the County Code Enforcement Office has approved on-site sewerage and water wells.

This plat has been reviewed and approved by the Planning Commission, subject to conditions and recording within 30 days.

Legal Considerations: None.

Recommendations/Actions: It is recommended that the City Council approve the plat and authorize the necessary signatures.

Agenda Item #27

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1154

TO: Mayor and City Council Members

SUBJECT: ZON2001-00053 – Extension of time to complete the platting requirement for a zone change from “SF-5” Single-Family Residential to “LI” Limited Industrial with a restrictive covenant to limit uses and modify development standards. Generally located south of 45th Street North and west of Webb Road (4211 N. Webb Road). (District II)

INITIATED BY: Metropolitan Area Planning Department

AGENDA ACTION: Planning (Consent)

Staff Recommendation: Approve one-year extension of time to complete platting.

Background: On October 2, 2001, the City Council approved a zone change request from "SF-5" Single-Family Residential to "LI" Limited Industrial with a restrictive covenant to limit uses and modify development standards on property generally located south of 45th Street North and west of Webb Road at 4211 N. Webb Road. Approval of the request was subject to the condition of platting the property within one year. An application to plat the property was approved by the MAPC on March 21, 2002. Two one-year extensions of time to complete platting subsequently have been granted. The extended platting deadline was October 2, 2004; however, the applicant indicates that the additional time is needed to finalize several conditions. Therefore, the applicant has requested an additional one-year extension of time to complete platting. Such an extension of time to complete platting requires City Council approval.

Analysis: Staff recommends that an extension of time to complete platting requirements be granted to October 2, 2005. The City Council may deny the request for an extension of time to complete platting. Denying the extension would declare the zone change null and void and would require reapplication and rehearing if the property owner still desired a zone change.

Financial Considerations: None.

Legal Considerations: No legal documents are required to enact the granting of platting extension. The granting of a platting extension is indicated via letter to the applicant noting the extended platting deadline as granted by the City Council.

Recommendations/Actions: Approve extension of time to complete platting to October 2, 2005.

Agenda Item No. 28

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report NO. 04-1155

TO: Wichita Airport Authority

SUBJECT: Supplemental Agreement No. 3 – Bevan-Rabell

INITIATED BY: Airport Department

AGENDA: Wichita Airport Authority (Consent)

Recommendation: Approve the Supplemental Agreement.

Background: Bevan-Rabell (originally Bevan Radio) has occupied Hangar 3, located at 1880 Airport Road on Wichita Mid-Continent Airport, since 1966. The facility encompasses 24,390 sq. ft., which includes 4,390 sq. ft. of office space and 20,000 sq. ft. of hangar space. Total land area, including the facility and ramp area, is 129,816 sq. ft.

Analysis: Bevan-Rabell is desirous of extending the lease agreement for an additional five years through May 31, 2009.

Financial Considerations: This facility was appraised by Steve Martens of the Martens Companies, and a fair market rental value of \$60,975 for the first year of the extension is recommended. Of this annual amount, facility rent of \$29,582 will remain the same over the five-year period; however, land rent will increase five percent each year, according to WAA policy. Revenue to the WAA over the five-year period will be \$321,340. Staff concurs with Mr. Martens' recommendation.

Legal Considerations: This Supplemental Agreement has been approved as to form by the Department of Law.

Recommendations/Actions: It is recommended that the Wichita Airport Authority approve Supplemental Agreement No. 3, and authorize necessary signatures.

Agenda Item No. 29

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1156

TO: Wichita Airport Authority

SUBJECT: Tenant Improvements
 Wichita Mid-Continent Airport

INITIATED BY: Airport Department

AGENDA: Wichita Airport Authority (Consent)

Recommendation: Approve the project.

Background: The 2004 Capital Improvements Program (CIP) provides for tenant improvements.

Analysis: Yingling Aviation is expanding its operations on Mid-Continent Airport. The Airport will be responsible for site preparations and improvements that include relocating and upgrading utilities, and paving improvements for a security gate entrance.

Financial Considerations: The project is estimated to cost \$195,000 and will be funded with General Obligation Bonds paid for with airport revenue.

Legal Considerations: The Law Department has approved the Authorizing Resolution as to legal form.

Recommendations/Actions: It is recommended that the Wichita Airport Authority approve the project, adopt the resolution, approve the capital budget and authorize necessary signatures.

Agenda Item No. 30

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No. 04-1157

TO: Wichita Airport Authority

SUBJECT: Tenant Facility Improvements
 Wichita Mid-Continent Airport

INITIATED BY: Airport Department

AGENDA: Wichita Airport Authority (Consent)

Recommendation: Approve the project.

Background: The Federal Aviation Administration (FAA) currently leases facilities located at 1761 and 1801 Airport Road on Wichita Mid-Continent Airport. The FAA is desirous of making improvements, including expansion to the parking lots at each of these facilities. If approved, the project will be included in the 2005-2014 Capital Improvements Program (CIP).

Analysis: The FAA has studied its current needs and wishes to implement the improvements to each of these facilities.

Financial Considerations: The project cost of \$1,240,000 will be funded with General Obligation Bonds paid for with airport revenue.

Legal Considerations: The Authorizing Resolution has been approved as to legal form.

Recommendations/Actions: It is recommended that the Wichita Airport Authority approve the project, adopt the resolution, and authorize the necessary signatures.

Agenda Item No. 31

City of Wichita
City Council Meeting
November 16, 2004

Agenda Report No 04-1158

TO: Wichita Airport Authority

SUBJECT: Supplemental Agreements – EMU Express and Executive Limousine

INITIATED BY: Airport Department

AGENDA: Wichita Airport Authority (Consent)

Recommendation: Approve the supplemental agreements.

Background: A small ticket counter area exists near the baggage claim area in the terminal building, which is divided into four, five-foot across ticket counter spaces. Four companies that provide ground transportation services occupy the area: EMU Express, Executive Limousine, Enterprise Rent-A-Car, and Thrifty Car Rental. The Wichita

Airport Authority currently has month-to-month agreements with EMU Express and Executive Limousine to provide shuttle, limousine and town car services for travelers using Wichita Mid-Continent Airport. The agreements with Enterprise and Thrifty allow these companies to provide vehicles for rent through November 30, 2004, which coincides with the termination date of all on-airport rental car agreements.

Analysis: EMU and Executive began leasing ticket counter space May 1, 2000. Enterprise and Thrifty began leasing the space April 15, 2003, when they became on-airport operators. While EMU and Executive utilized the space intermittently when they first entered into the agreement four years ago, they rarely do so now. Enterprise and Thrifty staff the counters seven days a week, with Thrifty opening at 6:30 a.m. and Enterprise opening at 7:00 a.m., and both closing at 10:00 p.m. As Enterprise and Thrifty's services have expanded, the terminal area in front of their respective ticket counters has become more congested as a result of the lines extending further into the area that is traversed by individuals desiring to pick up their luggage. In the interest of alleviating this problem, it is the staff recommendation to issue a 30-day notice to EMU and Executive to remove the leased space from their agreements, and to transfer the space to Enterprise and Thrifty. Removal of this space will not prohibit EMU or Executive from continuing to serve the airport through their airport shuttle and limousine agreement; it will merely make better utilization of space to enhance customer service.

Financial Considerations: There will be a minor increase in revenue in that EMU and Executive pay a flat fee for use of the space, and Enterprise and Thrifty will pay a per square foot charge, which will be adjusted annually.

Legal Considerations: The Supplemental Agreements have been approved as to form by the Department of Law.

Recommendations/Actions: It is recommended that the Wichita Airport Authority approve the Supplemental Agreements, and authorize the necessary signatures.